

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6967**

**BILL NUMBER:** HB 1218

**NOTE PREPARED:** Dec 28, 2004

**BILL AMENDED:**

**SUBJECT:** Local Government Matters.

**FIRST AUTHOR:** Rep. Ayres

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill allows a third class city that adopts second class city status to elect a city clerk-treasurer instead of electing a city clerk and appointing a city controller. It allows the Northwestern Indiana Regional Planning Commission to pay a claim or purchase order without obtaining a vendor's signature. It requires a county, city, or township fiscal body to approve travel expenses of officials and certain deputies that attend a conference conducted by the State Board of Accounts.

The bill allows a municipality with a department of storm water management to collect delinquent rates and charges by obtaining a lien on real property within the storm water district. It eliminates the requirement that a city legislative body hold its first regular meeting at 7:30 p.m. on a Monday. The bill also increases the maximum term of a loan that a city or town may enter into from five to ten years.

This bill eliminates the requirement that a city legislative body publish an ordinance that fixes the annual compensation of elected officials. It provides that the compensation of an incumbent elected city officer may not be changed in the year for which it is fixed or reduced below the amount fixed for the previous year. It allows a city or a town to pay meal expenses of city or town employees traveling on official business before the expenses are allowed by the board that has jurisdiction over allowance of the claims.

The bill eliminates the annual requirement for a city to set a proposed property tax rate. It requires the county board of tax adjustment or the county auditor to set the rate, subject to review by the Department of Local Government Finance. It establishes a deadline of September 30 for a municipality to address property tax and budget matters and to set employee compensation for the following year. The bill also removes a reference to a repealed statute.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Municipal Budgets and Taxes:* Under current law, the officers of a city are required to formulate the city budget, proposed tax rate, and tax levy, and give notice by publication to taxpayers. Under the proposal, the officers of a city are not required to formulate the proposed tax rate for the city.

Under current law, the county board of tax adjustment must review the budget, tax rate, and tax levy of each political subdivision filed with the county auditor. The board has the authority to revise or reduce, but not increase, any budget, tax rate, or tax levy in order to limit the tax rate to the maximum amount permitted by law and to limit the budget to the amount of revenue to be available in the ensuing budget year for the political subdivision. Under the proposal, the board must set the tax rate for each city that files a budget and tax levy with the county auditor. When the county board sets the tax rate of a city and makes a revision or reduction in a budget, tax rate, or tax levy, the board must file with the county auditor a written order which indicates the action taken.

The above provisions may shift some administrative expenses from the city to the county. It is presumed that counties will be able to assume the above responsibilities given their current budgets and resources.

Under current law, the city executive must fix the budget, levy, and compensation of each appointive officer, deputy, and other employee of the city. Compensation must be fixed before September 20 for a third class city and September 30 for a second class city. The proposal changes this deadline to September 30. The bill also provides that the compensation of a town officer must be fixed before October 1 of each year for the ensuing budget year. Under current law, no deadline is specified. The above provisions should have no significant fiscal impact.

*Clerk-Treasurer:* This provision of the bill allows a third class city that wishes to adopt second class status to choose to elect a clerk-treasurer instead of having both an elected city clerk and appointed city controller. Combining the two positions may reduce salary and benefit expenditures depending on the resulting amounts paid after the consolidation.

*Northwestern Indiana Regional Planning Commission:* Requiring the Northwestern Indiana Regional Planning Commission to follow the same general claim payment policies as the state could affect local expenditures if following state policies would have an impact on the timing of the payment which could have an impact on the expense. The impact is indeterminable and will depend on existing local policies.

*Local Fiscal Officer Mileage Reimbursement:* This provision of the bill is intended to clarify that mileage shall be reimbursed for attending conferences. The fiscal impact is dependent on how many local units have interpreted the reimbursement to be optional, how often reimbursements are required to be paid, and the amount of such reimbursements.

*Liens for Storm Water Fees:* This provision of the bill adds standard lien collection language enabling municipalities with storm water management departments to collect delinquent fees. This may increase the

amount of delinquent charges recovered if the municipality pursues the liens, however, it may also incur further court expenses in doing so.

*Ten-Year Loan Term:* Increasing the maximum loan term for cities and towns will allow for more flexibility, however, interest expenses will also increase. The fiscal impact of this provision is dependent on local action.

*Publication Costs:* Cities are currently required to publish the annual compensation of all elected city officials. This bill eliminates the requirement. Cost savings will likely vary across municipalities.

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:** Counties, cities, towns, Northwest Indiana Regional Planning Commission, and municipal utilities.

**Information Sources:**

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